

FISCAL NOTE

SB 2389 - HB 2703

February 21, 2000

SUMMARY OF BILL: Mandates the Department of Mental Health and Mental Retardation to promulgate rules before it imposes any requirements on the operation of a licensed facility if that requirement is imposed by a court settlement or remedial order. Requires the Department to assess the fiscal impact on licensees of any change to a rule, regulation or policy and to transmit the assessment to the Comptroller for use in consideration of reasonable and allowable costs. Requires that payment by DMHMR to licensed facilities be based upon reasonable and allowable prospective costs during the term of the contract.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$8,392,800

Other Fiscal Impact – Increase Federal Expenditures – Exceeds \$14,674,600

Assumes:

- That a change to reasonable, allowable prospective costs would result in a minimum ten percent increase in reimbursement rates. According to the Comptroller of the Treasury, reimbursement rates using reasonable and allowable costs would be calculated using Medicare principles which are well-established guidelines. Current rates for community mental retardation providers are calculated based upon a prototypical community agency. These rates do not currently reimburse at 100% of cost and must be approved by the Health Finance Administration as less expensive than institutional settings. Current Home and Community Based Waivers are budgeted at \$230,673,900 for fiscal year 2001.
- There would be some administrative costs for rule making hearings but the expense is estimated to be not significant.
- According to the DMHMR a requirement to make rules for all policy changes would hamper their ability to comply with court requirements and could place the state in contempt with resulting fines for non-compliance. Because any increase in rates could reduce the number of clients served, compliance would be much more difficult to achieve.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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